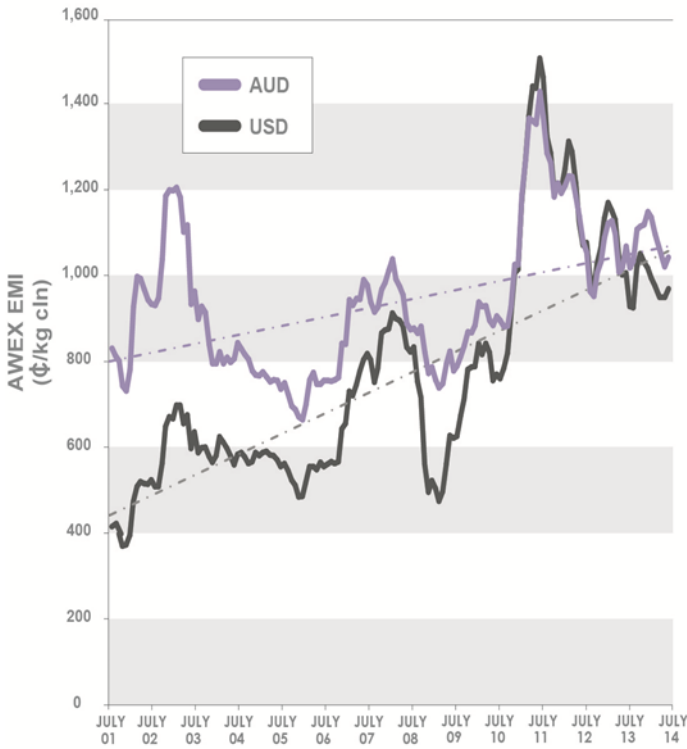




Offering		AWEX EMI				Currency movements		
Bales offered	23,457	AUD	1021 c/kg cln	-8 c/kg	-0.78%	AU:USD	0.9401	+0.11%
Passed-In (%)	9.4%	USD	960 c/kg cln	-6 c/kg	-0.67%	AU:CNY	5.8564	+0.24%
Re-offer (%)	8.4%	CNY	59.79 ¥/kg cln	-0.33 ¥/kg	-0.54%	AU:EUR	0.6918	-0.26%
		EUR	7.06 €/kg cln	-0.07 €/kg	-1.03%			

Monthly AWEX EMI Tracking



Sale days		Wed, Thu		
MPG	North	South	West	
17	1223 -17	1224 -9	-	
18	1168 -9	1169 -10	-	
19	1132 -16	1139 -11	-	
20	1119 -22	1132 -7	-	
21	1129 -10	1132 -8	-	
22	1133n +2	1134n +3	No	
23	1129n	1130n	Sale	
24	-	-	-	
25	-	-	-	
26	824n -1	-	-	
28	678 +0	679n +1	-	
30	645 +9	641n +2	-	
32	569n +1	-	-	
MC	794 -11	789n +1	-	

MPG and indicator data in AU cents and sourced from AWEX

Sale week	2013/14 forecast	2012/13 actual
Week 52	34,819 bales	37,984 bales
Week 1	36,450 bales	33,840 bales
Week 2	37,200 bales	49,062 bales

Riemann Wool Forwards				
	19.0 µm	19.5 µm	21 µm	30 µm
06/08/14	-	-	-	600
-	-	-	-	-
-	-	-	-	-

Forward wool prices in the above table are in AU cents and supplied by Riemann, www.riemann.com.au

ICAP Wool Forwards						
China Wool Type	54p (18.5 µm)		55 (21.0 µm)		T424 (28.8 µm)	
	Low	High	Low	High	Low	High
Jul-14	-	-	1110	1155	-	-
Aug-14	1120	1165	1100	1170	-	-
Sep-14	-	-	-	-	-	-

AWI Commentary

Australian wool auction sales opened on a weak note at the commencement of this selling week. Merino fleece, skirting and carding types were all under pressure from the outset and prices suffered accordingly. The lowest volume sales seen for many years failed to spark any interest, and just 23,500 bales were put before the trade at auction. Only the two Eastern centres sold, with the Fremantle market having a rostered week off selling. Quite often these small sales are treated with care by overseas and local buyers, as strong orders can push the price away from their ideal buy in levels, for not much quantity being able to be covered. As such, the market generally behaved to buyer expectations.

The entire Merino sector initially sold to the ongoing trend of a softening of prices, with a further 10 to 15cents clean/kg eliminated from most quotations. Exporters were reporting the demand from China as being sporadic at best, so the need to attack the market was not deemed necessary, particularly as some forward sales had been made into India since last week at what was deemed by many as being rock-bottom price levels. Thankfully the final day's selling brought some much needed activity back into the Merino market, and prices recovered somewhat, especially the lower end finer types which had sold the previous day to virtually no competition to a large Chinese top maker. Buyer enquiry from China late Wednesday continued into Thursday, and rumours of good quantities being booked up abounded. Renewed confidence seemed to be common amongst the larger local buyers on the final day giving rise to more stability, and a few cents being recovered.

Amongst the general gloom in the Merino market there was some very positive results. Superfine descriptions finer than 19.0 micron showing best style and strength came under some stiff competition from Italian indents and forward sellers fulfilling commitments. These types were in fact 10 to

20cents clean/kg dearer for the week, but due to their limited numbers, the industry quotations and indicators fail to pick up the trend. The gap between these better types and their average counterparts of similar micron has now extended to a range of 25 to 50cents clean/kg dependent upon fineness. Similarly the growers of the very small offerings of Merino wools broader than 21 micron must be well pleased when receiving their account sales, as these types were 5 to 6cents clean/kg dearer for the week and remarkably sold at levels better than 19 micron.

The crossbred market was basically unaffected by any significant changes and prices remained at firm levels, with a slight rise being witnessed at the broader end. 30 micron types were being pushed hard, and approximately 10cents clean/kg was added in Sydney and just a few cents in the southern market at Melbourne.

Next week will revert to normality with the three selling centres again operating with 34,000 bales being scheduled for auction. The positivity witnessed on the final day of selling is a good sign, and perhaps we will see the stability set in and prices to rise strongly over the next three selling weeks prior to the 3 week annual recess in national auction sales.

Commentary from ICAP

On Monday it seemed we would repeat last week's continued easing in wool prices, as exporters lowered their bids on the ICAP Screen in anticipation of a quieter week and reported that China demand had softened. It was pleasing to see later this week buyers' confidence returning, with new bids posted on the ICAP July 21Micron Contract at around 1120¢/kg. Growers' offers were mostly unchanged at around 1150¢/kg.

On our Wool Charts it still seems wool will likely correct lower over the next few weeks, before finding good support. We also continue to believe that wool prices will rally in the next few months from that support zone. That forecast is predicated on the global economy continuing its slow mend, and the rise in consumer confidence and textile consumption. The ABARES wool data release this week also caused debate with their forecast of a 6% rise in the 2014/15 EMI wool price.

Commentary from Riemann

Another very quiet week for the Riemann forward market with buyers largely absent and producers leaving sell orders unchanged. The only piece of action seen during the week was the trade of a 30MPG contract for early August maturity at 600¢/kg clean. Bids for 30MPG contracts remain at 590¢ for August to early October 2014 delivery. For the 21MPG contracts, a single bid was spotted this week for August 27th 2014 maturity at 1100¢/kg clean. That's around 30¢ under the current spot prices.

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